

ACADEMY FOR INTEGRATED ARTS

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT**

June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1-3
FINANCIAL STATEMENTS:	
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	4
Statement of Support, Revenue and Expenses – Modified Cash Basis	5
Statement of Functional Expenses – Modified Cash Basis	6
Statement of Cash Flows – Modified Cash Basis	7
Notes to Financial Statements	8-15
SUPPLEMENTARY INFORMATION:	
Statement of Assets and Fund Balances – Cash Basis - By Fund	17
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - By Fund	18
Schedule of Receipts Collected by Source – Cash Basis - By Fund	19
Schedule of Disbursements Paid by Object – Cash Basis - By Fund	20
INTERNAL CONTROL AND COMPLIANCE:	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Independent Accountant’s Report on Management’s Assertions About Compliance with Specific Requirements of Missouri Laws and Regulations	24
Schedule of Selected Statistics	25-28



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Academy for Integrated Arts
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the Academy for Integrated Arts (the "Academy") (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2021, and the related statements of support, revenue and expenses-modified cash basis, functional expenses-modified cash basis, and cash flows-modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 9 to the financial statements, the Academy's financial statements do not include the accounts of the Academy for Integrated Arts Supporting Foundation or the accounts of the AFIA Holding Company that the Academy has a majority voting interest in the boards of each entity. In our opinion, the Academy's financial statements should include the accounts of the Academy for Integrated Arts Supporting Foundation and the AFIA Holding Company to conform with the modified cash basis of accounting as described in Note 2. Quantification of the effects of this departure from the modified cash basis of accounting on the financial statements of the Academy is not practicable.

Qualified Opinion

In our opinion, except for the effects of not including the accounts of the Academy for Integrated Arts Supporting Foundation and the AFIA Holding Company in the accompanying financial statements as explained in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of the Academy for Integrated Arts as of June 30, 2021, and its support, revenue and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the Table of Contents under Supplementary Information on pages 17-20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors
Academy for Integrated Arts
Kansas City, Missouri

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021 on our consideration of the Academy for Integrated Arts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy for Integrated Arts' internal control over financial reporting and compliance.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
October 20, 2021

ACADEMY FOR INTEGRATED ARTS

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
June 30, 2021

ASSETS

Cash and cash equivalents	\$ 1,142,901
Capital assets, net of accumulated depreciation	<u>7,234</u>
Total Assets	\$ <u>1,150,135</u>

LIABILITIES AND NET ASSETS

Payroll withholdings	\$ <u>17,835</u>
Total Liabilities	17,835
Net Assets:	
Without donor restrictions	1,116,602
With donor restrictions	<u>15,698</u>
Total Net Assets	<u>1,132,300</u>
Total Liabilities and Net Assets	\$ <u>1,150,135</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

ACADEMY FOR INTEGRATED ARTS

STATEMENT OF SUPPORT, REVENUE AND EXPENSES – MODIFIED CASH BASIS
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE & OTHER INCOME:</u>			
Contributions and donations	\$ 140,289	\$ 178,344	\$ 318,633
State aid receipts	2,252,073	0	2,252,073
Federal grants and contracts	649,645	0	649,645
Sales tax (Proposition C)	282,435	0	282,435
Other income	<u>178,485</u>	<u>0</u>	<u>178,485</u>
Total Support, Revenue & Other Income	3,502,927	178,344	3,681,271
<u>EXPENSES:</u>			
Program services	2,783,749	0	2,783,749
Supporting activities:			
General and administrative	660,089	0	660,089
Fundraising	<u>6,540</u>	<u>0</u>	<u>6,540</u>
Total Supporting activities	<u>666,629</u>	<u>0</u>	<u>666,629</u>
Total Expenses	3,450,378	0	3,450,378
Net assets released from restrictions	<u>170,504</u>	<u>(170,504)</u>	<u>0</u>
Change in Net Assets	223,053	7,840	230,893
Net Assets, Beginning of Year	<u>893,549</u>	<u>7,858</u>	<u>901,407</u>
Net Assets, End of Year	<u>\$ 1,116,602</u>	<u>\$ 15,698</u>	<u>\$ 1,132,300</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

ACADEMY FOR INTEGRATED ARTS

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

For the Year Ended June 30, 2021

	Supporting Activities				
	Program	General &		Total	
	<u>Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Supporting</u>	<u>Total</u>
				<u>Activities</u>	
Salaries and wages	\$ 1,360,044	\$ 305,071	\$ 0	\$ 305,071	\$ 1,665,115
Retirement	139,144	34,464	0	34,464	173,608
Payroll taxes	101,003	22,093	0	22,093	123,096
Employee insurance	124,056	17,829	0	17,829	141,885
Other employee benefits	0	27,100	0	27,100	27,100
Professional & technical services	183,840	145,890	5,095	150,985	334,825
Property services	303,784	63,622	630	64,252	368,036
Transportation services	105,611	0	0	0	105,611
Insurance	45,041	6,530	0	6,530	51,571
Communication	13,235	0	0	0	13,235
Dues and memberships	0	2,660	0	2,660	2,660
Other purchased services	177,382	20	735	755	178,137
General supplies	161,737	34,657	80	34,737	196,474
Books and periodicals	15,863	0	0	0	15,863
Food service	214	0	0	0	214
Utilities, energy service	51,097	0	0	0	51,097
Depreciation	1,698	153	0	153	1,851
Total Expenses	<u>\$ 2,783,749</u>	<u>\$ 660,089</u>	<u>\$ 6,540</u>	<u>\$ 666,629</u>	<u>\$ 3,450,378</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

ACADEMY FOR INTEGRATED ARTS

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
For the Year Ended June 30, 2021

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in net assets	\$ 230,893
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	1,851
Increase (decrease) in:	
Payroll withholdings	<u>17,754</u>
Net cash from operating activities	250,498
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of property and equipment	<u>(0)</u>
Net cash from investing activities	<u>(0)</u>
Net Increase (Decrease) in Cash	250,498
Cash and Cash Equivalents, Beginning of Year	<u>892,403</u>
Cash and Cash Equivalents, End of Year	\$ <u>1,142,901</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

INDEX

NOTE 1: ORGANIZATION

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial Statement Presentation
- B. Basis of Accounting
- C. Cash and Cash Equivalents
- D. Concentrations of Credit and Market Risk
- E. Capital Assets
- F. Compensated Absences
- G. Recognition of Donor Restrictions
- H. Income Taxes
- I. Functional Expenses
- J. Estimates
- K. Subsequent Events

NOTE 3: CAPITAL ASSETS

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

NOTE 5: CLAIMS AND ADJUSTMENTS

NOTE 6: PAYROLL PROTECTION PROGRAM LOAN

NOTE 7: RETIREMENT PLAN

NOTE 8: RELATED PARTY ENTITIES

NOTE 9: LEASE COMMITMENT

NOTE 10: INSURANCE

NOTE 11: LIQUIDITY RESOURCE MANAGEMENT

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: ORGANIZATION

Academy for Integrated Arts (the “Academy”) is a not-for-profit public benefit corporation organized on August 21, 2009 under Chapter 355, RSMo and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature. The corporation operates a charter school, which is sponsored by the Missouri Charter Public School Commission. The Academy is exempt from most Missouri laws and statutes governing educational institutions. The afore-mentioned Senate Bill No. 781 governs it.

The Academy’s charter provides for the education of students in pre-kindergarten, kindergarten, and grades one through six. Approximately 80%-85% of the Academy’s funding is provided from State and Federal funds received from the Missouri Department of Elementary and Secondary Education. Other support is provided by contributions and grants from foundations and individuals.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statement Presentation

The Academy has implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (“ASU”) 2016-14 as it relates to FASB’s Accounting Standards Codification (“ASC”) Topic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. FASB ASC 958-205 requires disclosing the amounts of expenses by both their natural classification and their functional classification. The Academy is required to report information regarding its financial position and activities according to two classes of net assets, which is as follows.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Academy pursuant to those restrictions or that expire by the passage of time. Contributions restricted by donors whose restrictions are met in the same reporting periods are recorded as unrestricted. Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Academy’s actions are restricted. Restrictions stipulate that resources must be maintained permanently but permit the Academy to expend the income generated in accordance with the provisions of the agreements.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed (or certain grantor) restrictions or law.

B. Basis of Accounting

The financial statements are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues and expenses when they result from cash transactions with a provision for recording property and equipment, depreciation and long-term liabilities, such as promissory notes, which are recognized when incurred. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Academy considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

D. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Academy to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at a high-quality financial institution and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the Academy held \$341,972 in uninsured balances at the institution. The Academy has not experienced any losses on its cash or cash equivalents held with the financial banking institutions.

E. Capital Assets

Capital assets are stated at historical cost if purchased or at the fair value at the date of donation in the case of donated assets. A capitalization threshold of \$1,000 is used to report capital assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Leasehold improvements	5 years
Furniture and fixtures	7 years
Computer equipment	5 years

F. Compensated Absences

The Academy has established personal leave for its eligible employees. All full-time regular employees who have completed three months of continuous employment are provided twelve paid leave days per school year, which includes leave for illness and personal days. Sick and personal days are considered as expenditures in the year paid. Unused personal days are forfeited.

G. Recognition of Donor Restrictions

All contributions are considered to be available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to contributions without donor restrictions and reported in the Statement of Support, Revenue and Expenses as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Income Taxes

The Academy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and comparable state law as charitable organizations whereby only unrelated business income, as defined by Section 509(a)(2) of the Code, is subject to federal income tax. The Academy currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Academy has adopted provisions of FASB standard on Accounting for Uncertainty in Income Taxes (ASC 740-10-25). The Academy does not believe there are any material uncertain tax provisions and, accordingly, they will not recognize any liability for unrecorded tax benefits. For the year ended June 30, 2021, there was no interest or penalties recorded in the financial statements.

I. Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Support, Revenue, and Expenses. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited and, in some cases, to one or more program or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include technical services, property services, depreciation, and interest. Property services, depreciation, and interest are allocated based on estimated square footage, and technical services are allocated based on estimated project and purpose usage.

J. Estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Subsequent Events

The Academy has evaluated subsequent events through October 20, 2021, the date which the financial statements were available to be issued.

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CAPITAL ASSETS

Leasehold improvements	\$ 152,867
Computer equipment	53,616
Furniture and fixtures	<u>50,131</u>
	256,614
Less: Accumulated depreciation	<u>249,380</u>
Total Capital Assets, net	\$ <u>7,234</u>

Depreciation expense for the year ended June 30, 2021 was \$1,851, which was allocated to the related functions: instruction \$1,698 and operation of plant \$153.

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2021:

Accelerating literacy	\$ 1,622
Fine arts & music	5,135
Professional development	8,828
Library books	83
Technology	<u>30</u>
	\$ <u>15,698</u>

Net assets released from restrictions for the following purposes during the year ended June 30, 2021.

Accelerating literacy	\$ 33,000
Fine Arts & music	4,395
Professional development	91,921
Technology	29,271
Library books	<u>11,917</u>
	\$ <u>170,504</u>

NOTE 5: CLAIMS AND ADJUSTMENTS

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. As of June 30, 2021, a significant amount of disbursements had not been audited by grantor governments but the Academy believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: PAYROLL PROTECTION PROGRAM LOAN

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Academy signed a note payable with the U.S. Small Business Administration (“SBA”) in April 2020 for \$335,944 with a maturity date of April 10, 2022, the first payment deferred for six months, and annual interest rate of 1.0%. This note was available through the Paycheck Protection Program (the “PPP”) as a part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that offers cash-flow assistance to nonprofit and small business employers through guaranteed loans for certain expenses incurred between February 15, 2020, and June 30, 2020. The PPP loan did not require collateral or personal guarantees and offers the ability to have a substantial portion of the principal amount forgiven when the Academy uses the proceeds on eligible costs. The Academy reported the loan proceeds as “Gain on loan extinguishment” in the financial statements for the year ended June 30, 2020 in anticipation of forgiveness. The Academy filed for loan forgiveness and received the official legal release and forgiveness from the SBA in fall of 2020.

NOTE 7: RETIREMENT PLAN

Public School Retirement System of the School District of Kansas City, Missouri (“KCPSRS”) is a mandatory cost-sharing multiple employer defined benefit pension plan (the “Plan”), which was established by the General Assembly of the State of Missouri and is exempt from the provisions of the Employee Retirement Income Security Act of 1974. The 12-member Board of Trustees of KCPSRS administers and operates the Plan in accordance with the statutes of the State of Missouri. Participation is mandatory for employees of the Kansas City, Missouri Public School District, the Kansas City Public Library and the Public School Retirement System. All regular, full-time employees of the participating employers become members of the Plan as a condition of employment, if they are in a position requiring at least 25 hours of work per week and nine calendar months per year. Employees hired before or during 1961 are members of Plan A. As of December 31, 2014, there are no longer any members of Plan A receiving benefits. Employees hired after January 1, 2014, are members of Plan C. The most recent audited financial statements and actuarial valuation report are located on KCPSRS’ website at www.kcpsrs.org.

Benefits Provided

KCPSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Positions covered by the Plan are also covered by social security. A Retirement Facts Book detailing the provisions of the plan can be found on KCPSRS’ website at www.kcpsrs.org.

Contributions

Employers are required to match the contributions made by members. The contribution rate is set each year by the KCPSRS Board of Trustees within the contribution restrictions set in Section 169.350.4 and 169.291.16 RSMo. The rate may be changed in increments not to exceed 0.5% of pay each year. Effective January 1, 2020, members of Plan B and C contributed at 12.0% of annual compensation. The Academy’s contributions to KCPSRS were \$173,608 for the year ended June 30, 2021.

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS June 30, 2021

NOTE 8: RELATED PARTY ENTITIES

Academy for Integrated Arts Supporting Foundation

On November 30, 2015, the Academy for Integrated Arts Supporting Foundation (“Supporting Foundation”) was incorporated in Missouri as a not-for-profit public benefit corporation and organized under Section 509(a)(3)(A) of the Code to benefit the Academy. The Supporting Foundation is exempt from federal income tax under Section 501(c)(3) of the Code and has a five-member Board of Directors, three of which are appointed by the Academy. The Supporting Foundation was formed to solicit donations and acquire a loan to purchase a building for the Academy, with any additional funds to be used and applied for the benefit of the Academy’s operations as determined by the Board of Directors.

AFIA Holding Company

On June 15, 2016, the AFIA Holding Company was incorporated in Missouri as a not-for-profit public benefit corporation and organized under Section 509(a)(3)(A) of the Code to benefit the Academy. The AFIA Holding Company is exempt from federal income tax under Section 501(c)(3) of the Code and has a three-member Board of Directors, two of which are appointed by the Academy. The AFIA Holding Company was formed to own and maintain the building in which the Academy currently operates. During the year ended June 30, 2021, the Academy paid rent expense of \$300,000 to AFIA Holding Company.

Based on the majority voting interest by members of the Academy’s Board of Directors on the Board of Directors for each of these entities, the Academy should consolidate the financial statements for all related entities. However, the Academy has elected not to consolidate and include the accounts and activity of the Supporting Foundation or AFIA Holding Company. The effect on the financial statements of the preceding practice is not reasonably determinable.

NOTE 9: LEASE COMMITMENTS

Building

On September 16, 2016, the Academy entered into a 20-year lease with AFIA Holding Company starting August 1, 2016 and ending on July 31, 2036 with a base rent of \$140,000 for the first year and base rent of \$300,000 for the remaining years. The lease agreement includes an automatic renewal clause for two successive renewal periods of 10 years each with the same terms and conditions. The leasing expense for the year ending June 30, 2021 was \$300,000.

Office Equipment

The Academy leases office equipment with 60-month terms beginning on January 2018 and ending in December 2022 at a monthly rate of \$665 that includes a maintenance care agreement and charges for overages. The leasing expense for the year ending June 30, 2021 was \$8,424.

The Academy also leases office equipment with 36-month terms beginning on November 2017 and ended in October 2020 at a monthly rate of \$413 that includes a maintenance care agreement. The leasing expense for the year ending June 30, 2021 was \$5,194.

ACADEMY FOR INTEGRATED ARTS

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9: LEASE COMMITMENT (continued)

Future minimum lease payments are as follows.

<u>Year Ending June 30,</u>	
2022	\$ 307,980
2023	303,990
2024	300,000
2025	300,000
2026	300,000
2027 – 2036	<u>3,000,000</u>
Total	<u>\$ 4,511,970</u>

NOTE 10: INSURANCE

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy maintains commercial insurance to protect itself from such risks.

NOTE 11: LIQUIDITY RESOURCE MANAGEMENT

The Academy regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Academy considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 1,142,901
Less: Donor restricted	<u>(15,698)</u>
	<u>\$ 1,127,203</u>

SUPPLEMENTARY INFORMATION

ACADEMY FOR INTEGRATED ARTS

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES –
CASH BASIS – BY FUND

June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>1,142,902</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,142,902</u>
Total Assets	\$ <u>1,142,902</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,142,902</u>
 <u>LIABILITIES & FUND BALANCES</u>				
Liabilities:				
Payroll withholdings	\$ 17,835	\$ 0	\$ 0	\$ 17,835
Fund Balances:				
Restricted	15,698	0	0	15,698
Unassigned	<u>1,109,369</u>	<u>0</u>	<u>0</u>	<u>1,109,369</u>
Total Fund Balances	<u>1,125,067</u>	<u>0</u>	<u>0</u>	<u>1,125,067</u>
Total Liabilities & Fund Balances	\$ <u>1,142,902</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,142,902</u>

See Accompanying Independent Auditor's Report.

ACADEMY FOR INTEGRATED ARTS

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
CASH BASIS – BY FUND

For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
RECEIPTS:				
Local	\$ 673,640	\$ 105,913	\$ 0	\$ 779,553
State	691,569	1,560,504	0	2,252,073
Federal	<u>649,645</u>	<u>0</u>	<u>0</u>	<u>649,645</u>
Total Receipts	2,014,854	1,666,417	0	3,681,271
DISBURSEMENTS:				
Instruction	537,016	1,380,080	0	1,917,096
Support services - Students	24,994	43,794	0	68,788
Support services - Instructional Staff	53,889	0	0	53,889
Support services - General Administration	199,605	138,553	0	338,158
Support services - Building Level Admin	1,134	103,990	0	105,124
Business Support Services	89,817	0	0	89,817
Fiscal Services	52,000	0	0	52,000
Operation and Maintenance Plant Services	523,037	0	0	523,037
Student Transportation	105,611	0	0	105,611
Food Services	177,882	0	0	177,882
Support services - Central Office	815	0	0	815
Community services	<u>16,310</u>	<u>0</u>	<u>0</u>	<u>16,310</u>
Total Disbursements	<u>1,782,110</u>	<u>1,666,417</u>	<u>0</u>	<u>3,448,527</u>
Net Changes in Fund Balance	232,744	0	0	232,744
FUND BALANCE - JUNE 30, 2020	<u>892,323</u>	<u>0</u>	<u>0</u>	<u>892,323</u>
FUND BALANCE - JUNE 30, 2021	\$ <u>1,125,067</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,125,067</u>

See Accompanying Independent Auditor's Report.

ACADEMY FOR INTEGRATED ARTS

**SCHEDULE OF RECEIPTS COLLECTED BY SOURCE –
CASH BASIS – BY FUND**

For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<u>LOCAL:</u>				
Sales tax (Prop C)	\$ 176,522	\$ 105,913	\$ 0	\$ 282,435
Gifts and contributions	318,633	0	0	318,633
Other	<u>178,485</u>	<u>0</u>	<u>0</u>	<u>178,485</u>
Total Local	673,640	105,913	0	779,553
<u>STATE:</u>				
Basic formula	533,999	1,560,504	0	2,094,503
Transportation	33,960	0	0	33,960
Classroom trust fund	96,129	0	0	96,129
Food services	2,232	0	0	2,232
Other	<u>25,249</u>	<u>0</u>	<u>0</u>	<u>25,249</u>
Total State	691,569	1,560,504	0	2,252,073
<u>FEDERAL:</u>				
Medicaid	63,101	0	0	63,101
CARES grants	163,130	0	0	163,130
Special education (IDEA/ECSE)	51,799	0	0	51,799
Food services	181,448	0	0	181,448
ESEA Title I	161,505	0	0	161,505
ESEA Title II	15,955	0	0	15,955
ESEA Title IV.A	<u>12,707</u>	<u>0</u>	<u>0</u>	<u>12,707</u>
Total Federal	<u>649,645</u>	<u>0</u>	<u>0</u>	<u>649,645</u>
 Total All Sources	 <u>\$ 2,014,854</u>	 <u>\$ 1,666,417</u>	 <u>\$ 0</u>	 <u>\$ 3,681,271</u>

See Accompanying Independent Auditor's Report.

ACADEMY FOR INTEGRATED ARTS

**SCHEDULE OF EXPENDITURES PAID BY OBJECT –
CASH BASIS – BY FUND**

For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Salaries and wages	\$ 345,288	\$ 1,319,827	\$ 0	\$ 1,665,115
Retirement	32,765	140,843	0	173,608
Payroll taxes	25,295	97,801	0	123,096
Employee insurance	33,939	107,946	0	141,885
Other employee benefits	27,100	0	0	27,100
Professional and Technical services	334,825	0	0	334,825
Property services	368,036	0	0	368,036
Transportation services	105,611	0	0	105,611
Insurance	51,571	0	0	51,571
Communication	13,235	0	0	13,235
Dues and memberships	2,660	0	0	2,660
Other purchased services	178,137	0	0	178,137
General supplies	196,474	0	0	196,474
Books and periodicals	15,863	0	0	15,863
Food service	214	0	0	214
Utilities, energy service	<u>51,097</u>	<u>0</u>	<u>0</u>	<u>51,097</u>
Total Expenditures	\$ <u>1,782,110</u>	\$ <u>1,666,417</u>	\$ <u>0</u>	\$ <u>3,448,527</u>

See Accompanying Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Academy for Integrated Arts
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Academy for Integrated Arts (the “Academy”) (a nonprofit organization), which comprise the statement of assets and net assets-modified cash basis as of June 30, 2021, and the related statement of support, receipts and disbursements for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Academy for Integrated Arts
Kansas City, Missouri

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
October 20, 2021



INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

Board of Directors
Academy for Integrated Arts
Kansas City, Missouri

We have examined management's assertion, included in its representation letter dated October 20, 2021, that the Academy for Integrated Arts (the "Academy") complied with the requirements of Missouri laws and regulations regarding accurate disclosure of the Academy's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2021. Management is responsible for its assertion that the Academy complied with the aforementioned requirements. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Academy's compliance with specified requirements.

In our opinion, management's assertion that the Academy for Integrated Arts complied with the aforementioned requirements included in the Schedule of Selected Statistics for the year ended June 30, 2021, are fairly stated, in all material respects.

This report is intended for the information and use of the Board of Directors, Academy's management, the Missouri Department of Elementary and Secondary Education and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
October 20, 2021

ACADEMY FOR INTEGRATED ARTS

SCHEDULE OF SELECTED STATISTICS

June 30, 2021

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)

Report each unique calendar the charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
6995	PK	06	n/a	6.4167	164	1,049.0888

2. ATTENDANCE HOURS

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
6995	PK	3,667.8620	0.0000	0.5000	0.0000	0.0000	3,667.8620
6995	1	41,366.5802	0.0000	0.0000	0.0000	0.0000	41,366.5802
6995	2	33,722.1978	0.0000	0.5000	0.0000	0.0000	33,722.1978
6995	3	37,094.4157	0.0000	0.0000	0.0000	0.0000	37,094.4157
6995	4	38,316.8609	0.0000	0.0000	0.0000	0.0000	38,316.8609
6995	5	23,585.9707	0.0000	0.0000	0.0000	0.0000	23,585.9707
6995	6	19,359.4878	0.0000	0.0000	0.0000	0.0000	19,359.4878
Grand Total		<u>214,897.5746</u>	<u>0.0000</u>	<u>0.0500</u>	<u>0.0000</u>	<u>0.0000</u>	<u>214,897.5746</u>

3. SEPTEMBER MEMBERSHIP

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
6995	PK	7.00	0.00	0.00	7.00
6995	1	46.00	0.00	0.00	46.00
6995	2	46.00	0.00	0.00	46.00
6995	3	39.00	0.00	0.00	39.00
6995	4	42.00	0.00	0.00	42.00
6995	5	28.00	0.00	0.00	28.00
6995	6	23.00	0.00	0.00	23.00
Grand Total		<u>251.00</u>	<u>0.00</u>	<u>0.00</u>	<u>251.00</u>

ACADEMY FOR INTEGRATED ARTS

SCHEDULE OF SELECTED STATISTICS

June 30, 2021

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the charter in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
6995	244.00	0.00	0.00	0.00	244.00
Grand Total	<u>244.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>244.00</u>

5. FINANCE

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A

ACADEMY FOR INTEGRATED ARTS

SCHEDULE OF SELECTED STATISTICS

June 30, 2021

5. FINANCE (CONTINUED)

Section	Question	Answer
5.3	The charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the charter school's treasurer in the total amount of:	\$0
5.6	The charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	N/A
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (<u>Not applicable to charter schools.</u>)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (<u>Not applicable to charter schools.</u>)	N/A
5.10	The charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (<u>Not applicable to charter schools.</u>)	N/A
5.12	The amount spent for approved professional development committee plan activities was:	\$N/A
5.13	The charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

ACADEMY FOR INTEGRATED ARTS

SCHEDULE OF SELECTED STATISTICS

June 30, 2021

5. FINANCE (CONTINUED)

Notes:	The Academy has insurance coverage for employee theft instead of a purchased surety bond (Section 5.5)
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All above “False” answers **must** be supported by a finding or management letter comment.

Finding:	None noted
Management Letter Comment:	None noted

6. TRANSPORTATION (SECTION 163.161, RSMO)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The charter school’s pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	<u>24.00</u>
	Ineligible ADT	<u>0.00</u>
6.4	The charter school’s transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	<u>8,212</u>
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	True
	Eligible Miles (including food/instructional delivery miles 2020-21)	<u>8,103</u>
	Ineligible Miles (Non-Route/Disapproved)	<u>109</u>
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	<u>132</u>

All above “False” answers **must** be supported by a finding or management letter comment.

Finding:	None noted
Management Letter Comment:	None noted